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October 23, 2008

DeAnna L. Brunner
Assistant General Counsel
Indiana Utility Regulatory Commission

Dear Ms. Brunner:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Utility Regulatory Commission ("IURC") and contained in LSA Document 9-190, which amends 170 IAC 5-3 regarding pipeline safety standards for transportation of gas, hazardous liquids, carbon dioxide fluids, and related pipeline facilities. The purpose of this rulemaking is to remove redundancies to existing law and to clarify certain areas of the rule. In addition, the rule increases safety requirements essential to protecting human life.

This rule affects those small businesses that currently, or may at some time in the future, construct, operate, or maintain gas pipeline facilities for natural or other gases, hazardous liquids or carbon dioxide fluids in Indiana under the jurisdiction of the IURC. There are currently about 30 small gas pipeline operators that are authorized to provide the above referenced types of services under the jurisdiction of the IURC. Of these, 5 are gas pipeline utilities subject to all aspects of the rule. The remaining 25 are master meter systems, as defined by 49 CFR 191.3, which are only subject to the reporting requirement of the rule, 170 IAC 5-3-4 The IURC anticipates that the number of small businesses affected by the rule will remain relatively constant.

The impact statement prepared by the IURC indicates that the reporting requirements of the rule are not expected to result in any significant costs for small business. In some instances, the rule imposes safety standards that are more stringent than those currently in effect under existing rules. These safety standards can result in additional costs for small businesses if the business is not already in compliance with those standards. Some businesses may already be in compliance with the new standards, in which case there would be no increase in costs for the business. The IURC conducted research, including surveys of affected business, in order to estimate the potential costs to businesses in conjunction with the rule. The IURC's research suggests that for businesses that are not already in compliance with the rule the average cost of compliance with the rule will be approximately $3,500 per year.

The IEDC does not object to the economic impact associated with the proposed rule changes. The IURC has conducted research with the entities likely to be affected by the rule in an effort to determine the cost of compliance. The costs associated with the rule are not insignificant. However, given the nature of the affected industry and the potential dangers associated with errors or malfunctions involving pipelines transporting gas or other hazardous chemicals, the costs appear reasonable. The IURC has determined that the provisions of the rule are the most cost effective means of carrying out its statutory responsibilities and promoting human safety.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

Ryan Asberry
Assistant Vice President
Indiana Economic Development Corporation